

STATE OF INDIANA

DEPARTMENT OF LOCAL
GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058
INDIANAPOLIS, IN 46204
PHONE (317) 232-3761
FAX (317) 232-8779
WEBSITE: WWW.IN.GOV/DLGF/

MEMORANDUM

TO: All Railroad Car Companies

FROM: Department Of Local Government Finance
Assessment Division/ Utility Specialist

SUBJECT: Instructions For Completing The 2008 Report Of Railcar Tax

DATE: January 2008

Enclosed is one (1) copy of the Railroad Car Company Tax Worksheet, to be completed by all railroad car companies. Please read all of the instructions before completing the worksheet, as the form has been modified.

Who Must File

Any individual, partnership, corporation or any other business entity operating as a railroad car company must file this report. A railroad car company is defined in IC 6-1.1-8-2 as **"... a company (other than a railroad company) which owns or operates cars for the transportation of property on railroads."**

When To File

The report must be filed, by statute, on or before May 1st (IC 6-1.1-8-19), however; the Department of Local Government Finance (DLGF) has granted an automatic extension to **June 1, 2008**. Extensions beyond the June 1st deadline will be granted only in the most extraordinary of circumstances and requests must be made in writing at least five (5) days prior to the due date. *Failure to file the Report by the due date will result in a penalty of \$100 a day for every day the report is late (IC 6-1.1-8-20).* Non-filers will be subject to the same penalty and the penalty will be strictly enforced.

Where To File

The worksheet and any supporting documents should be mailed to:

Department of Local Government Finance
Assessment Division/Utility Specialist
100 North Senate Ave., Room N-1058(B)
Indianapolis, IN 46204

Phone: (317) 232-3756 or (317) 232-3765 Fax (317) 232-8779

Tentative Assessment and Appeal Rights

Railroad car companies are assessed on the basis of the average number of cars owned or used by the company within the state of Indiana during the twelve (12) months of the calendar year preceding the year for which the return is filed. The average number of cars within the state is a proportion computed by averaging the percentage of Indiana mileage to total mileage and Indiana gross earnings to total gross earnings (6-1.1-8-12).

An order notifying each railroad car company of its assessment will be mailed on or before September 1 (IC 6-1.1-8-28(a)) with the exception of non-filers.

Within ten (10) days after the taxpayer receives notice of the DLGF's tentative assessment, the taxpayer may:

- (1) file with the DLGF its objections to the tentative assessment; and
- (2) request that the DLGF hold a preliminary conference on the tentative assessment.

If the taxpayer does not file an appeal within ten (10) days, the tentative assessment is final; however, the assessment may still be appealed to the Board of Tax Review (IC 6-1.1-8-29&30).

The appeal must be made in writing and state the nature of the objections.

If the taxpayer files a timely appeal of the tentative assessment within the ten (10) days, the DLGF may hold a preliminary conference on the tentative assessment at a time and place fixed by the DLGF. After the preliminary conference, the DLGF will make a final assessment of the taxpayer's distributable property and shall notify the taxpayer before September 30 (IC 6-1.1-8-29).

The taxpayer may appeal the DLGF's final or tentative assessment to the Board of Tax Review. The taxpayer must initiate the appeal within forty-five (45) days after the date of the notice of the DLGF's assessment (IC 6-1.1-8-30).

Payment of Tax

The tax on a railroad car company's assessed value is computed on the statewide average property tax rate. The **Indiana Department of Revenue** will handle the billing and collecting of the taxes due. The tax shall be paid to the Indiana Department of Revenue on or before December 31st of the year the assessment is made. If a railroad car company does not pay the tax when it is due, the company shall pay a penalty, in addition to the tax, equal to twenty-five percent (25%) of the delinquent tax.

INSTRUCTIONS FOR COMPLETING THE WORKSHEET

You must fill out the form completely to get credit for timely filing. If you simply attach worksheets in lieu of properly filing the form, your report may be returned to you as an incomplete filing. This could result in penalties per IC 6-1.1-8-20.

Car mark reported

It is **mandatory** that you indicate what car marks you are reporting on this return and indicate whether or not you have included all mileage for this car mark. The Department must account for all mileage, and the carmark provides the most expedient route to comparing mileage reported. If a carmark is not reported, information on that mark will be sought in the Official Railway Equipment Register or from the website www.railinc.com using the Umler Contact list. Please verify that your information is up to date in both publications to avoid any possible misunderstandings or miscommunications.

Allocation Factors

The allocation factors on lines 3, 6, and 7 should be **rounded to six (6) decimal places**.

Example: 2.4934% or .024934

*If you **do not earn income** on your railroad cars, please enter "NA" on lines 1 through 3. The mileage percentage will then be used as the Indiana allocation percentage. In other words, lines 6 and 7 should be the same.*

If you **do earn income** on your railroad cars, line 7 is the average of lines 3 and 6.

Valuation of Railroad Cars

Page two (2) of the worksheet contains a pooling schedule to be used in valuing railroad cars. The **total cost** of the railroad cars shall be placed into the schedule by **year of acquisition**. **Total cost** shall be the acquisition cost plus any additions or betterments. A betterment is an addition or change made to the equipment which increases its estimated useful life, its production or efficiency, or changes it to a different use. The betterment shall be capitalized by adding it to the original acquisition cost of the equipment. If a part is replaced with a similar part, the new part shall be shown as a new acquisition while the part replaced shall be removed from the original acquisition cost. The cost of additions, betterments, or replacements shall be reported in the year the actual expenditure occurred.

The **depreciated value** shall be the **total cost** multiplied by the percentage in the **percent good factor** column. **Please note: 50 IAC 4.3-8-7 (2) You must fill out the top portion of page two. Attachments are not acceptable unless they utilize the same exact format as our form. If you do not comply, your form may be returned to you and you may be subject to a penalty unless you comply in a timely manner.**

The total fleet value on line 9 of page 2 should be carried to line 8 of page 1.

The Indiana assessed value will be calculated by taking the Indiana fleet value (line 12) and rounding to the nearest ten dollars (\$10).

Idle Car Allowance

An idle car allowance of **up to twenty percent (20%)** may be claimed for those cars in the fleet that are inoperable due to the four (4) categories listed in the idle car allowance section of the worksheet. You must complete the idle car allowance section, at the time of original timely filing, to claim the idle car adjustment.

The idle car allowance (line 9 of page 1) shall be calculated by multiplying the idle car percentage (line 7 of the idle car allowance calculation) by the total fleet value (line 8 of page 1).

Indiana Mileage Reported by Railroad

Page 3 was introduced to the form for the first time in 2006. You must break down your mileage by railroad reported so that we may better compare the miles reported to us by the railroad companies with the miles that you have reported. If you report more than one car mark, it would be helpful to us if you breakdown the mileage by car mark. If you are reporting for a railroad not pre-printed on the return, fill in the name of the railroad(s) and the mileage.

Maintenance Credit

You may qualify for a special maintenance credit set forth in IC 6-1.1-8.2-4 through IC 6-1.1-8.2-6 if you have had repairs completed in the state of Indiana and report this information on your original timely filed return. The worksheet for this credit is on page 4 of the RC-1 form, along with detailed instructions. If you do not report all mileage at the time of original timely filing, your credit may be less than it might have been. If you have any questions please feel free to call our office at (317) 232-3756 or (317) 232-3765.